

## Message Text

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11

ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 EB-11 SEC-03 L-03 CIAE-00 INR-10

NSAE-00 RSC-01 DRC-01 /041 W

----- 060100

R 062344Z JUN 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1979

UNCLAS TAIPEI 3547

E.O. 11652: N/A

TAGS: EFIN, TW

SUBJECT: ROC REGULATION OF FOREIGN BROKERS AND UNDERWRITERS

REF : STATE 79749

1. FOLLOWING IS SUMMARY OF AIRGRAM ON ABOVE SUBJECT WHICH  
WILL BE SENT WITHIN NEXT FEW DAYS:

2. STOCK MARKET IN TAIWAN WAS NOT INSTITUTIONALIZED UNTIL  
1962 WHILE THE ESTABLISHMENT OF FORMAL GOVERNMENTAL CONTROLS  
DID NOT TAKE PLACE UNTIL THE ENACTMENT OF THE SECURITIES  
AND EXCHANGE LAW OF 1968. SECURITIES DEALERS ARE DIVIDED  
INTO THREE CATEGORIES, UNDERWRITERS, TRADERS IN OWN NAME  
AND BROKERS. THE 1968 LAW DOES NOT PROHIBIT FOREIGN  
PARTICIPATION IN FIRMS DEALING IN SECURITIES, BUT DOES  
REQUIRE THAT EMPLOYEES ACTUALLY HANDLING TRANSACTIONS  
MUST BE CHINESE. FOREIGN EXCHANGE CONTROLS PROHIBIT  
THE INFLOW OF SHORT TERM FUNDS TO PURCHASE STOCKS, AND  
LONG TERM INVESTMENTS MUST BE APPROVED BY THE GOVERNMENT.  
SUCH INVESTMENTS RESTRICTED TO APPROVED LIST OF PROMOTED  
INDUSTRIES WHICH DOES NOT INCLUDE SECURITIES ACTIVITIES.  
ONLY WAY FOREIGN INTERESTS BECOME ENGAGED IN SUCH  
BUSINESS IS INDIRECTLY, AS IS CASE WITH THREE US  
BRANCH BANKS. LATTER OWN 20 PERCENT INTEREST IN  
THREE DIFFERENT TRUST COMPANIES WHICH IN TURN OPERATE  
AS TRADERS AND UNDERWRITERS. THE THREE TRUST COMPANIES  
INVOLVED ARE CHINESE CONTROLLED AND THUS ARE NOT  
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SUBJECT TO ANY SPECIAL TREATMENT OR DISCRIMINATION.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT CONTROLS, STOCKS (SECURITIES), BANKS, BANK LAW, BANK DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TAIPEI03547  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740144-0880  
**From:** TAIPEI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740667/aaaacfyz.tel  
**Line Count:** 62  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 79749  
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**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 AUG 2002  
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**Review Exemptions:** n/a  
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30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ROC REGULATION OF FOREIGN BROKERS AND UNDERWRITERS  
**TAGS:** EFIN, TW, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005